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NOTICE

Upon receiving this proposal by internet, email julia.vosnock@wilmingtonnc.gov to register as a prospective respondent. Failure to register as a prospective respondent may result in your firm not receiving proposal addenda. Failure to acknowledge proposal addenda with your submittal may cause your proposal to be considered non-responsive.

Re: Solicitation for Development of a New Hotel

Dear Sir / Madam:

Attached for your information and review is a Request for Qualifications and Proposal for the private development, funding and operation of a Hotel which is desired by the CITY of Wilmington as part of the construction of a riverfront Convention Center that is currently under construction.

The attached document describes the project and other areas of importance to the development of the Convention Center and Hotel.

Submittals will be accepted 5:00 PM, Tuesday, January 26, 2010 in the CITY of Wilmington Purchasing Division, Attention Daryle Parker, Purchasing Manager, P. O. Box 1810, 305 Chestnut Street (5th Floor) Wilmington, NC, 28402. This project includes the construction of the new Wilmington Convention Center Hotel. A total of five (5) copies of the proposal must be submitted.

If after reviewing the document you have any questions please contact my office. I will be glad to assist you in any way possible. Questions concerning this Request for Qualification, convention Center project or other areas addressed in the RFQ should be addressed to Steve Bridges at Steve.Bridges@wilmingtonnc.gov. (910)341-5870, 305 Chestnut Street, 3rd Floor, Wilmington, NC 28401.

Daryle L. Parker

Purchasing Manager



WILMINGTON
North Carolina

Request for Proposal/Qualifications

Solicitation for Development of a New Hotel

City of Wilmington, North Carolina

Convention Center Project

Background

The City of Wilmington, herein after referred to as “CITY”, is a port city located in the southeastern corner of North Carolina along the Cape Fear River and approximately 10 miles from the Atlantic Ocean. Wilmington is a popular living and tourist destination because of its very moderate climate, historic preservation district, convenient beaches (3), cultural activities such as several theater groups, Riverfest and the Azalea Festival, and numerous championship golf courses. Nearby beaches are some of the best on the east coast.

Wilmington, the county seat of New Hanover County, was incorporated in 1739 and is located on the east side of the Cape Fear River. It was named in honor of Spencer Compton, Earl of Wilmington, who was a patron of North Carolina's Governor at the time. Wilmington has a rich history of homes and buildings some of which are over 100 years old. There are many tree-lined boulevards, an extensive Riverwalk that includes shopping and excellent restaurants. Along with a Riverboat which makes daily runs up and down the river. All of this combines to make Wilmington one of the most beautiful cities in the south and consistently named as one of the best cities to live. Tourism is the number one industry because of the historic nature of the CITY and the area beaches.

The CITY has more than 100,000 residents and is home to the University of North Carolina at Wilmington (13,000 students) and the largest community college in the state (Cape Fear Community College) which provides vocational and other training as well as programs tailored to the needs of existing and incoming industry. It is also home to a regional visual and performing arts center, a large, high quality regional medical center and two Screen Gems Studios (one of the largest motion picture and television studios outside of Hollywood.)

The world headquarters for GE/Hatachi Nuclear Fuels and Pharmaceutical Products Development (PPD), several other Pharmaceutical development companies, GE Aircraft Engines and Corning (fiber optics) are located in Wilmington.

The State Port Authority was approved in 1945 and is now the largest port in North Carolina and is a major factor in the region's economy. For the last few decades there have also been significant corporate ventures in Wilmington.

Interstate 40 opened in 1990. In no time tourism grew as one of the thriving industries for the entire region and earned Wilmington the distinction of being one of the fastest developing American cities during the 1990s. The current population of Wilmington is just over 100,000 and it has become a very popular with Hollywood. Many TV shows are filmed in Wilmington and over 180 movies have been filmed there. It consistently receives high marks as one of the best cities to live in.

Wilmington has excellent air, sea, land and rail services, an abundance of educational and training facilities, excellent health and child care, a good system of streets and roads, residential services such as recycling, garbage and yard waste pick up, a thriving development community, Thalian and several other drama organizations, excellent parks and recreation system (and growing), a growing list of regional and national offices and headquarters and other amenities which make Wilmington an excellent place to visit, hold conferences and conventions, work, live, raise a family and retire.

New Hanover County has approximately 92 hotels and motels with 6,200 rooms along with an abundance of specialty properties such and Bed and Breakfast Inns. Room night rates range from:

Full service Hotel: \$83 - \$380

Limited Service: \$44 - \$205

Bed and Breakfast: \$100 - \$280

The Convention Center which is currently under construction will be the largest convention facility on the coast of North Carolina. Many groups and conventions have expressed a desire to hold their conferences and exhibits in Wilmington. However, no facility is large enough to accommodate many of these events. The opening of the new Convention Center will provide the required space for many of these groups.

The Convention Center Project

The City of Wilmington has commenced construction of the new Wilmington Convention Center (CC) located in downtown Wilmington on the riverfront. As of the November 1, 2009 the Convention Center is approximately 60% complete. The current completion date is August 25, 2010.

The CC project includes the following:

- 12,000 SF Ballroom (sub dividable into up to 6 rooms)
- 30,000 SF Exhibit Hall
- 8 meeting rooms (various sizes)
- Full service banquet kitchen
- Pre-function space (12,000 SF+-)
- Outdoor covered space with seating overlooking the Cape Rear River
- Public Lawn/Park area (12,000 SF)
- 581 Space parking deck

The CITY is seeking proposals from interested developers/Hoteliers for the design, development, construction and operation of a high quality Hotel and restaurant which can be constructed immediately adjacent to the CC.

The parcel identified for the Hotel is approximately 33,000 SF.

You may view the plans for the CC and the Hotel site at the following web sites:

www.businessmandecasual.com (This site shows the CC foot print and amenities surrounding the facility)

www.wilmingtonnc.gov (This site has a downloadable file that shows the CC site and the Hotel pad. If printed on 30 x 40 paper it should be scalable.)

The appraised value of the Hotel site is \$17.55 per square foot. This would be the sale price.

The CITY has selected SMG, Inc. for the exclusive operations, management and bookings for the CC. SMG in collaboration with the CITY and the Convention and Visitors Bureau (CVB) have prepared and will continue to provide extensive marketing for the CC.

This Request for Qualifications (RFQ) addresses many of the issues related to being privately owned and funded. The request is intended to be all inclusive but it is recognized that some specifics concerning the areas addressed above may require discussions and negotiation by the parties.

The purpose of this RFQ is to solicit proposals for the private development, funding and construction of a high quality Hotel with a minimum room count of 200 rooms. The proposal must commit a high quality Hotel. The CITY is open to discussing the possibility of Hotel construction on a privately owned site immediately adjacent to the CC.

Hotel Amenities:

Must have:

Spacious lobby with high end finished
Full service restaurant which serves breakfast, lunch and dinner
Bar/Lounge
Room Service
Registration Desk w/ 2 or more attendants
Fitness Center

Desired:

Meeting/Board rooms (minimum of 2 preferred)
Internet Services
Pool (indoor or outdoor)
Concierge
Upscale tub/shower with separate toilet room
Valet services (may include parking)

Nice to have:

Name brand Hotel with a national sales presence
Business Center
Penthouse/Suites
Onsite convenience store
Specialty bed and linens
Specialty coffee sales in lobby

The CITY is requesting the above referenced amenities in the Hotel after having discussions with various meeting planners and asking this group what they would expect in a Hotel that was located immediately adjacent to the Convention Center and what amenities would weigh into their decision to hold a convention in Wilmington.

It is also expected that a Hotel with the amenities would raise the overall room night rates in the Wilmington area as a result of a high quality Hotel located in downtown Wilmington.

In addition to the development of the Convention Center, a significant amount of private development is planned on adjacent northern tracts of land including residential development, a full service marina, retail, residential, offices and other development. As part of the adjacent property development the CITY has also committed to construct Riverwalk and a park. The area also includes the recently completed world headquarters of PPD, Inc. containing 12 stories which houses approximately 1,700 employees.

It is the intent of the CITY to sell the Hotel property described above in a fee simple transaction with restrictions placed on the sale.

There is no other available land on the CC site for the construction of a Hotel nor can the footprint be expanded.

Project Overview

The CITY of Wilmington Convention Center Hotel Development, hereafter known as “Project” consists of a Hotel of a minimum of 200 rooms.

To the best of the CITY’s knowledge and belief, the proposed site of the Convention Center Hotel requires no active environmental remediation, except as required by Brownfield rules. However, the site is designated as a Brownfield site, therefore Brownfield rules and regulations must be followed. Certain property tax advantages are available to the privately owned Hotel as a result of the Brownfield Agreement. The private design, construction and operation of a high quality Hotel on the same site as the Convention are the focus of this RFQ.

The Convention Center project includes the construction of a 581 space parking deck attached to the Convention Center. Approximately 250 parking spaces at this deck will be available to the Hotel on a reserved basis. The Hotel **must** enter into an agreement with the CITY for the reservation system. In exchange for the reserved spaces the Hotel must guarantee a minimum of 30% occupancy per month for the total number of reserved spaces. All Hotel guests parking on the deck must pay the established rate for daily parking which is somewhat negotiable but, currently planned for \$9.00 per day. It is anticipated that the Hotel would collect the parking fee as part of the Hotel bill and submit this amount to the CITY. There will be no hourly parking on the deck. The CITY will work closely with the hotel to establish a guest friendly means of entry and exit from the deck.

The CITY will require a guarantee from the Developer/Hotelier to insure that design/construction/opening will take place in a timely manner. This must be in the form of an irrevocable letter of credit, certificate of deposit or cash as approved by the CITY. The sum of the guarantee shall be \$1,000,000 submitted upon completion of negotiations, if any, but prior to the time that staff makes the final recommendation to City Council. The performance guarantee will be held by the CITY until such time as the contracted party completes construction on the Hotel. The CITY is open to discussing a periodic release of portions of the guarantee based on agreed upon milestones.

In addition, if the land sales transaction has taken place and the Hotel/Developer fails to perform, the Hotel/Developer must agree to sell the CITY back the parcel at the original sale price. This amount will be paid from the \$1.0 million surety.

Under no circumstances will the CITY contribute any funding to the construction or operation of the Hotel or provide subsidies to the Hotel in any manner.

Specific details of the design, design schedules, construction and construction schedules, sale of land to the Hotel may be negotiated with the selected firm. Should the CITY be unable to reach an acceptable agreement with this firm, the CITY may enter into negotiation with another firm. The CITY reserves the right to reject any and all proposals with no obligation to the person or firm making the proposal.

Consent Decree

Please note that the CITY is prohibited from entering into any agreement with any Hotel, whether on site or not, to manage the Convention Center facility or to participate in any way in the management of the facility. This is a requirement that was brought on by a lawsuit against the CITY and subsequent consent decree.

This means that the Hotel cannot manage the facility, provide F & B services in the facility, book the facility (the Hotel may book the facility but must go through the CITY's management firm ,SMG) or provide A/V or rental of equipment.

If the Hotel constructs meeting space it can naturally provide these services within the Hotel and the CITY and SMG (The CITY's Convention Center Management firm) will collaborate and cooperate with the Hotel if the Hotel requires additional meeting space or services. The CITY, SMG and the CVB will collaborate and cooperate with the Hotel to coordinate room blocks, negotiate room rates and provide bids for events wishing to come to Wilmington.

SMG is under contract with the CITY to manage the facility and it is important to note that the main criteria for evaluating the performance of SGM is based on the generation of room nights in local Hotels

The CITY has already invested significant value some of which can be taken advantage of by the Hotel.

1. We have constructed the parking deck and can make up to 250 spaces available to the Hotel under a reserved arrangement and guarantee. (described below)
2. We have installed the stormwater infrastructure that the Hotel can take advantage of by only revising the permit, paying a small fee and agreeing to participate in the annual maintenance costs of the infrastructure (based on a % of impervious surface)
3. We are constructing public roadways leading directly to the Hotel front door.
4. We have implemented a marketing plan for the facility that is aggressive and widespread through the CVB and SMG.
5. We are constructing a Riverwalk immediately in front of and to the north of the Convention Center and Hotel pad.
6. We have created a green space in front of the Hotel pad that can be reserved for outdoor events through SMG.
7. We have expanded the original design of the convention center from 3 meeting rooms to 8, plus the dividable ballroom.
8. We are exploring the possibility of upgrading a portion of the exhibit hall to accommodate larger meeting and groups that may not comfortably fit in the ballroom. This is dependent on the final cost of the current construction.

9. We are prepared to sell the Hotel parcel, with restrictions, at a fair price.(17.55/ SF, Approximately \$600,000)

10. We will be the largest Convention Facility on the coast of NC.

Note: The Hotel can construct up to a height of 150 feet by right and 180 +- feet by meeting certain credits in the facility such as shared parking, LEED items etc.

Convention Center Hotel information

1. \$1 million Surety that the project will be built as described earlier. Milestone releases of portions of the \$1 million is acceptable to the CITY.

If the surety is in the form of cash or other interest bearing instrument the CITY will agree to forward all interest earned on these funds to the Hotel/Developer upon successful completion of the Hotel.

2. Time line for design and construction prior to making presentation for Council. Time line should begin with the real estate sale.
3. High quality Hotel as described herein. Minimum of 200 rooms. The type (brand name), quality, services, and number of rooms for the Hotel shall be included in the proposal and subsequent land sales/development agreement Evidence that the proposed Hotelier has the experience necessary to fund, develop and operate the Hotel
4. Understanding from the Hotel that the CITY will not allow others to perform the following within the Convention Center facility:
 - Food and Beverage services within the CC
 - Rental and other services required that are specific to the Convention, meeting or conference being held at the facility.
 - The Management firm (SMG) will cooperate with the Hotel to provide meeting space, catered meals, specials services, use of the Public Event Lawn or other services provided by SMG.
5. Hotel may reserve up to 250 spaces with a guaranteed payment to The Convention Center (CC) for 30% each month. The final number of guaranteed spaces will be dependent on the number of rooms constructed. The Hotel would collect the parking fees as part of the room registration and forward the CC these on a monthly basis. The Hotel is responsible for the difference between the guarantee and the actual amount collected. The prevailing rate will be charged to guests and be used for the guarantee.

Example:

$(225 \times 30\% = 68 \text{ spaces}) (68 \text{ spaces} \times \$9.00 \text{ per day} = \$612.00 \text{ per day})$
 $(\$612.00 \text{ per day} \times 30 \text{ day per month} = \$18,360.00).$

The Hotel may initiate a valet parking program for Hotel guests. Any revenues directly associated with the valet program remain Hotel revenues. The CITY and its management firm are agreeable to discuss valet parking for CC events with the Hotel.

6. The Hotel is completely private and not financially or operationally connected in any way to the CC or the CITY.

7. The CITY will expect Hotel cooperation on the collaborative use of Hotel meeting space and room guarantees for CC events. CC will collaborate with the Hotel for meeting space, F & B services and other items required for specific events contracted with the Hotel. Food and beverages services specific to the Hotel may be provided by the Hotel within the Hotel facility. The CC management may provide F & B services as requested and negotiated.
8. Cooperation on developing cross easements and temporary construction easements as needed. If temporary construction or other easements are required from adjacent property owners, the CITY will assist however, the Hotel must take the lead in these discussions.
9. There can be hard connection between the CC and Hotel. Breezeways are acceptable. Collaboration and discussions with the NHC Inspections during the design phase is strongly recommended. Collaboration with the Chamber of Commerce, City Fire Dept and Fire Marshall are also recommended.
10. Existing stormwater permits allow for the Hotel. The Hotel will be responsible for seeking and paying for any permit modifications required by the CITY or State of NC. The Hotel must agree to pay its share of the maintenance and repair for the stormwater system.
11. The CITY will sell the parcel (fee simple) designated for the Hotel pad for \$17.55/SF or approximately \$600,000. Conditions of that sale are as follows but may not be limited to the following:
 - No changing of the Hotel flag or management firm without the written permission of the CITY.
 - Design and Construction schedule and regular updates. This may be tied to the reduction of the surety at predetermined milestones.
 - Agree to sell the parcel back to the CITY at the original sale price if the Hotel construction is not started within a predetermine time period.
 - Agree to the 30% parking guarantee as referenced herein.
 - Agree to participate in the maintenance and repair of the stormwater system based on a percentage of pervious surfaces.
 - No resale of the parcel without the written permission of the CITY.
12. It is strongly encouraged that the Hotel foundation pile be installed using the auger cast method in order to minimize noise and possible damage to the CC, Riverwalk, Parking deck and adjacent structures.
13. The site is designated as a Brownfield site. This offers certain tax advantages to the Hotel. Management of Brownfield rules and regulations by a firm experienced in the requirements is strongly recommended.
14. Existing underground fuel pipes crisscross the site. These may be encountered while installing the foundation or other underground excavations.

15. The Hotel pad is generally at grade with the CC. However any soils that must be imported or exported in order to maintain proper elevations are the responsibility of the Hotel.
16. The CITY will cooperate with the Hotel on designing, installing and implementing a parking system that is Hotel guest friendly.
17. Hotel construction: The CITY, CITY contractor for the CC, CITY consultants, Hotelier, Hotel construction contractor, Hotel architect and others must meet regularly to insure cooperation among the parties during the construction of the projects. Items such as liability, safety, insurance, lay down areas, project trailers, erosion control, site access, security and other items must be discussed and negotiated as necessary to insure timely and safe construction of all projects.
20. It should be noted that during the time of Hotel construction the CITY may engage a contractor to complete the Riverwalk in front of and the side of the CC. This portion of the project may be completed before construction of the Hotel begins.
21. Roadway improvements in front of and in the vicinity of the CC are planned to begin in March 2010 and be completed in conjunction with the CC opening.
22. All bookings for the CC must be made by SMG. The CVB, SMG and the CITY will market the CC. The CVB and SMG will be responsible for providing bids and pricing packages for the CC. The CVB represents all Hotels in the Wilmington area and therefore will work with the event organizers, meeting planners and Hotels to secure room blocks at Hotels as needed.
23. Autocad drawings of the Hotel site and its relationship to the CC are available at the City of Wilmington website and at www.businessmadecasual.com.
24. Roadways indicated on the plans and specification for the CC project shall be public roads constructed as part of the CC project. Any connections, modifications, driveways, drop off areas required by the Hotel shall be designed, constructed and maintained by the Hotel.

SUMMARY

Specific financial information and other information such as bonding capacity, insurance information, and other information will be requested of the firms selected to be interviewed for the project.

Submittals will be accepted until 5:00 PM, Tuesday, January 26, 2010 in the CITY of Wilmington Purchasing Division, Attention Daryle Parker, Purchasing Manager, P. O. Box 1810, 305 Chestnut Street (5th Floor) Wilmington, NC, 28402. This project includes the construction of the new Wilmington Convention Center Hotel. A total of five (5) copies of the proposal must be submitted.

Questions concerning this Request for Qualification, convention Center project or other areas addressed in the RFQ should be addressed to Steve Bridges at Steve.Bridges@wilmingtonnc.gov. (910)341-5870, 305 Chestnut Street, 3rd Floor, Wilmington, NC 28401.

The City of Wilmington will not disclose confidential information, such as financial statements of the firm, submitted with the proposals to the extent permitted by the N. C General Statutes. All confidential information and material must be marked accordingly.

The CITY reserves the right to accept or reject any or all proposals. Final award shall be made by the Wilmington City Council.

A. It is intended that the Contract award will be made to the Submitter rated highest by the CITY's Evaluation.

B. Statement of Qualifications: The proposer should, at a minimum, address each of the following items.

1. Statement of Qualifications/Proposals will be evaluated by the CITY prior to the Oral Presentations. Statement of Qualifications must include:
 - All firms' names, addresses, contact persons, who are to be included as the development team. This shall include the developer, architect, Hotel construction contractor (if determined), Hotel management firm, key corporate franchise personnel for the Hotel, type of Hotel (Embassy Suites, Marriott, Westin, Sheraton, Crown Plaza or upscale boutique Hotel) and other firms or key persons to be a party to any subsequent agreement.
 - References for each entity referenced above and for completed and/or projects under extended development must be included in the proposal and must be of similar size and complexity as proposed.
 - Proposals should also address all items listed in this RFQ in a short but concise manner.
 - A full and accurate description of the proposed Hotel outlining all proposed amenities, flag, room count and other items referenced herein. A commitment letter from the Hotelier, Hotel franchisor and the Hotel management firm.

- Specific financial information including a description of the financial commitment for the design, construction and completion of the Hotel, including the proposed surety and other information such as bonding capacity, insurance information and other information will be requested of the firms selected to be interviewed for the project. Financial information shall remain confidential.
- Proposed type of \$1 million surety.
- Proposed timelines for design, construction and opening of the Hotel.
- Developer/Hotelier commitment to making a good faith effort to include minority firms in the construction and management of the Hotel. The desired percentage of participation in both construction and management is 20%.
- As part of the proposal, the proposer must demonstrate the operations and management expertise to manage the Hotel and Restaurant in a high quality manner.
- As part of the proposal the proposer must provide firm evidence that financing for the Hotel can be obtained or is already committed.

2. Based on the results of the technical evaluation, the CITY may form a shortlist of firms deemed most qualified to perform the services required under this contract.

3. Oral presentations may subsequently be scheduled and evaluations completed quickly. Firms must be readily available to participate in interviews. Site visits to representative properties may also be required.

4. The CITY may request further information during the evaluation process.

5. The following matters will also receive consideration in the evaluation of the Statement of Qualifications. These items must be addressed in the proposal:

- a. Companies with proven reputations for on time completion of **similar** projects.
- b. Companies with a workload and staff availability that is fully able to accommodate the addition of this project.
- c. Companies that have no significant litigation pending against them.
- d. Companies that have had, in their previous experience with cities, a good working relationship with CITY representatives, have successfully completed projects in a timely manner and have performed high quality work.
- e. Availability of key personnel assigned to the project that have appropriate experience and qualifications.
- f. Relevant and easily understood qualification submittals and oral presentation(s).
- g. Companies with a firm commitment for the construction of a Hotel as described herein including substantial evidence of the franchise commitment and financing commitment.

- h. Companies with projects that were completed on or ahead of schedule.
- i. Local professional participation in the project.
- j. Hotel operators' and management firm's capacity to deliver the required product on time and to the quality standards anticipated for such a facility.
- k. Hotel owner/operators commitment to the M/WBE goal for the hiring of M/WBE for the services provided by the Hotel.
- l. References submitted by the Hotel partner
- m. Type of Hotel proposed and services provided. Proposals should address the availability of the Hotel franchise agreement.
- n. Oral Presentation: A schedule of Oral Presentations will be published to the short listed firms after the Statements of Qualifications are evaluated. The oral presentation may target areas identified within the submitted Statement of Qualifications by the Evaluation Committee.
- o. All Submitters will be notified of the identities of the Submitters selected for consideration on the shortlist.